

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6401

BILL NUMBER: SB 151

NOTE PREPARED: Dec 5, 2007

BILL AMENDED:

SUBJECT: Checkoff for Cancer Research.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: This bill adds cancer research as a charitable purpose to which an individual may choose to give all or part of the individual's income tax refund. It establishes the Cancer Research Trust Fund under the administration of the Budget Agency and makes a continuing appropriation of the money held in the Cancer Research Trust Fund. (The introduced version of this bill was prepared by the Health Finance Commission.)

Effective Date: January 1, 2009.

Explanation of State Expenditures: This bill creates the Cancer Research Trust Fund. The purpose of the Fund is to receive, hold, and disburse money as a fiduciary. The Budget Agency shall administer the Fund. The Fund consists of: (1) grants, gifts, and donations intended for deposit into the fund; (2) appropriations by the General Assembly, and (3) interest that accrues from money in the fund. Money in the Fund does not revert to the state General Fund at the end of the state fiscal year. The State Budget Agency shall make grants from the aforementioned accounts to entities conducting research on cancer.

The Department of State Revenue (DOR) will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the tax refund checkoff for the Cancer Research Trust Fund. The bill also requires the DOR to include a written description of the purposes and uses of the Fund in the instructions for the individual income tax return. The checkoff would begin in tax year 2008. The Department's current level of resources should be sufficient to implement this change.

The bill requires the State Budget Agency to make grants available from the Fund. The fiscal impact of this bill, as well as the procedures for administering the grants, will depend on administrative actions taken by

the Agency. The Agency does not have the in-house expertise or resources to administer grants, so either additional staff may be needed, or the Agency may contract for the administration of the grants. Ultimately, the source of funds and resources required for administration of the grants will depend upon legislative and administrative actions.

Explanation of State Revenues: The bill establishes a checkoff for income tax refunds to be designated to the Cancer Research Trust Fund. The checkoff applies beginning in tax year 2008. As a result of these circumstances, any fiscal impact likely would not arise before FY 2009. The number of taxpayers with refunds that may select the Cancer Research Trust Fund checkoff and the amounts such taxpayers may direct to the checkoff is indeterminable. However, it could potentially reduce the amount that would otherwise be designated by taxpayers to the Indiana Non-Game and Endangered Wildlife Fund. This is the only income tax refund checkoff that exists under current statute. In tax year 2005, the Fund collected \$414,475 from 28,377 tax returns. This is an average of \$14.61 per filer.

Background Information: Since tax year 2000, the checkoff for the Non-Game and Endangered Wildlife Fund has generated the annual activity summarized in the table below.

Year	Filers Designating Refunds	Total Refunds Designated	Average Refund Amount Designated
2000	35,281	\$342,578	\$9.71
2001	33,627	\$358,466	\$10.66
2002	32,697	\$362,636	\$11.09
2003	29,069	\$363,478	\$12.50
2004	29,487	\$463,257	\$15.71
2005	28,377	\$414,475	\$14.61

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue; State Budget Agency.

Local Agencies Affected:

Information Sources: OFMA Income Tax databases, 2000-2005.

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